HIFE COLLEGE PLANNING

Scholars

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HIFE CPP REQUIREMENTS:

- Must have a minimum GPA of 2.5
- Must seek to attend an accredited institution
- Must be willing to complete the assigned homework provided by the HIFE Coach

Inside this issue:

Message From The Dean - Bob Fulcomer

It's that time of year when most people are thinking about the holidays. It's also the time of year when families with high school seniors or college students need to be preparing for the FAFSA. The new FAFSA application becomes available on Jan. 1st of 2016 and needs to be completed as soon as possible after that. There are some of the need-based funding that is on a first come, first served basis. A lot of schools also have merit-based funds that are limited, and these funds may also be issued to those that have the FAFSA completed before they start processing the financial aid award packages. Navigating the complicated world of financial aid can be daunting and frustrating. It is, however, a necessity that all families must complete the FAFSA to be eligible for most financial aid. The myth that people with higher incomes are not eligible for need-based money and that FAFSA doesn't need to be completed costs many families the opportunity to receive financial aid that they otherwise would have been eligible for. Most schools will not award any grants or scholarships to a student that has not completed the FAFSA. It is also critical that the application be completed accurately and completely in order to receive the best possible aid package. Even the smallest error could cost a family thousands in financial aid and the opportunity to get the aid they deserve.

How Student and Parent Assets Affect Your Financial Aid

Compared to the parent's assets, financial assets belonging to children have a far greater impact on a family's eligibility for financial aid.

Student and Parent Assets Are Counted Differently

Families must report assets owned by the parents and the child in their aid applications. Here's how colleges evaluate the assets you report on the Free Application for Federal Student Aid (FAFSA) and how they factor them into your financial aid.

- The child's assets count for more. Colleges will expect families to use up to 20 percent of the assets owned by a dependent student to pay for college. This is true even if the child's assets are funded by other people's money. On the bright side, a 529 account owned by a student is counted as a parent's asset.
- The parents' assets count for less. Colleges will expect parents to use up to 5.64 percent of their "unprotected" assets toward college.

How Student and Parent Assets Affect Your Financial Aid (cont.)

- A portion of the parent's assets is protected. "Protected" assets are not counted at all. The exact amount protected depends on the number of parents and the age of the older parent.

Many private colleges use information from an additional aid application to allocate aid from their own resources. These colleges may count more assets, such as home equity and assets owned by divorced parents and siblings.

What's Counted As an Asset?

On the FAFSA, most money and property owned by the parent or the student is counted as an asset. These include savings and checking accounts, cash, the net worth of a business with over 100 full-time employees, a farm that is not the family's primary residence, investment accounts, non-retirement tax-deferred savings plans such as 529 accounts, tax-exempt interest income, tax credits, investment property, and many other types of assets. The family's primary residence and retirement savings are not counted.

Some Assets Are Not Counted but Still Affect Financial Aid

Retirement accounts. The FAFSA does not ask about the value of accounts designed for retirement, such as traditional and Roth IRAs, 401(k) plans, and pensions. But the untaxed contributions and income from these accounts must be reported on the FAFSA that covers the year in which the transactions occurred.

Assets held by others. You don't have to report assets intended for college but owned by others on the FAFSA. However, once the money is given to the student or spent on his or her behalf, you must report it as untaxed student income on next year's aid applications. Since student income is assessed at much higher rates than parent income, this "gift" could significantly impact the amount of aid the student is eligible for.

Transferring Assets Held in the Child's Name

Parents wanting to transfer assets held in the child's name should do so two years or more before the child starts college. Custodial accounts and trusts must remain in the child's name or transferred to an eligible 529 savings plan. Series I and EE savings bonds in the child's name can be transferred only if a parent originally purchased the bonds.
Moving investments, assets, and income around can be a minefield with substantial consequences on financial aid and taxes. In most cases, keeping ordinary investment accounts in the parents' names is the smartest move.

Source: collegedata.com

The Importance of Timing when Applying for Colleges

The college application process is more competitive than ever.

The University of California, Los Angeles (UCLA), for example, received twice as many applications for fall 2014 as it did in 2005, according to the New York Times.

With more students applying than ever, and less of them being accepted, submitting application materials early or on time is crucial, for a few reasons.

1. **Applying early may increase your chances of getting in to certain schools**

You may want to apply early if you want to go to a college with rolling admissions, which is a school that accepts applicants until all the spots are filled. ListAfterList.com put out a list a few months ago of colleges with rolling admissions that's worth checking out. But always check with the school first to ensure it's still accepting applications.

Some colleges also offer early decision and early action. Early decision, according to The College Board, is binding, meaning if you get accepted early, you must attend that school. It secures your spot there, which may be advantageous to both the college and the student. Early action just gets you an early decision but you have until the traditional response date to give a yes.

2. When you apply it may affect financial aid, your living situation and class registration

Applying can impact your financial aid situation, since there's no such thing as a scholarship without a deadline, and the school you'll go to may have its own financial aid deadlines. There are even deadlines involved with FAFSA submissions for most schools. So it may not be wise to postpone if you don't have to, according to Juniata College admissions counselor Jamie Kensinger, since "no school has unlimited amounts of money to give out."

Some colleges, such as the University of Nevada, Reno, also give students preference on which dorms they want and who their roommate/s will be. Apply late and you may not enjoy that perk.

"Meeting the deadlines and registering for classes on time was important to getting all the classes I needed at the right times to coincide with work and home," said Bonilla, who has a young son and transferred from the University of Phoenix.

Legitimate reasons to apply later do exist (such as personal emergencies or getting rejected from other schools), but you may not want to postpone just to procrastinate, since doing so might determine many of the details of your first year at that school.

3. Knowing sooner may give you peace of mind

For some students, the timing of an acceptance letter is important for psychological reason. Since we're talking about where you'll live soon, with who, which classes you'll be taking and which school you'll be attending, your entire life may be impacted.

Even if you're attending a college with a late deadline, which as recently as May, there were over 275 colleges still accepting applications the Los Angeles Times reported.

With college as competitive as ever and financial aid, dorms and classes limited, when you apply to college may impact where you attend, what classes you take, and how much student loan debt you accrue.

Source: college.usatoday.com

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Heartland Institute of FINANCIAL EDUCATION

"Providing Families With College Planning Solutions"

Coach's Corner

Navigating the college financial aid process can be daunting even for the most highly educated among us.

College education is an extremely important—and often extremely expensive—investment. Before you spend thousands of dollars for an advanced education, give yourself a basic education of postsecondary financial aid. Heartland coaches are here to answer your questions and help you understand the system.

It is important that students and parents play an active role in financial aid. If a student takes a loan, it is the student's responsibility to pay the loan back. Yet, students need their parents tax information to complete their FAFSA until the student is over the age of 25.

How Family Assets are looked at for FAFSA

In order to determine the investment mix that offers the most favorable impact on your child's federal financial aid eligibility, let's first look at how the formula for computing EFC (expected family contribution – what you as a family are expect to pay towards the students education) works. The formula counts the following financial resources as being available to pay college expenses:

- 20% of a student's assets (money, investments, business interests, and real estate)
- 50% of a student's income (after certain allowances)
- 2.6%- 5.6% of a parent's assets (money, investments, certain business interests, and real estate, based on a sliding income scale and after certain allowances)
- 22%-47% of a parent's income (based on a sliding income scale and after certain allowances)

Heartland Institute of Financial Education's College Planning Program

HIFE College Planning is a coaching program designed to assist students and parents successfully navigate the complex college preparation, admissions, selection, and financial-aid process.

It is the goal of the Heartland Institute to help young Americans obtain a college education. We help families offset the high cost of college by utilizing proven strategies to help reduce a family's "out-of-pocket" costs...

Our College Planning Coaches work directly with students and parents to establish an action-plan for college selection and career planning. We help the student develop a personal "resume" that will aid them in competing for valuable student loans, scholarships, grants, and other forms of assistance that can help offset their college education costs.

The Heartland Institute focus:

"Working together with you and your student to make the college dream come true"

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